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FROM AMBASSADOR BRIDGEWATER

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SUBJECT: GHANA: SCENE SETTER FOR SECSTATE VISIT FEBRUARY 19-21,
2008

¶1. Warmest Welcome to Ghana Madame Secretary. Your participation in the President's visit comes at the beginning of what promises to be another eventful year for Ghana. After celebrating 50 years of independence in 2007, Ghana is preparing to hold Parliamentary and presidential elections in late 2008. At that time, Ghanaians will choose a successor to President Kufuor, who is constitutionally prohibited from seeking a third term. In addition to holding independence celebrations in 2007, Ghana hosted the African Union (AU) summit and co-hosted with the United States the Sixth African Growth and Opportunity Act (AGOA) Forum. From January 20-February 10 Ghana has hosted 16 teams from around the African continent in the African Nations Cup soccer championship. In April, Ghana will host UNCTAD, which will bring thousands of participants to Accra. Ghana has made impressive progress in democratic and economic development but challenges such as poverty, corruption, lack of adequate infrastructure, narcotics trafficking, and an improving but still a difficult business climate must be overcome if Ghana is to achieve its goal of reaching middle income status by 2015. U.S. interests center on support for Ghana's fifteen-year-old democracy, promotion of poverty reduction and shared prosperity, private sector development, security cooperation, and enhanced people-to-people and cultural ties. Ghana is home to approximately 5,000 members of the African Diaspora, some of whom came at the invitation of Nkrumah at the time of Independence. Ghana is a reliable partner in peacekeeping, conflict resolution, counter-terrorism and economic development. President Kufuor recently completed his tenure as President of the African Union, and Ghana recently completed its term as a non-permanent member of the UN Security Council. END SUMMARY.

2007 AND 2008: IMPORTANT YEARS FOR GHANA

¶2. (SBU) In addition to marking 50 years of independence, in 2007 Ghana hosted the African Union summit (AU), of which Ghana was the Chair for 2007, and co-hosted with the United States the Sixth African Growth and Opportunity Act (AGOA) Forum. Ghana is now gearing up for the December 2008 Presidential elections to succeed President Kufuor who is barred by the Constitution from seeking a third term, and to choose a new Parliament. The 2007 independence celebrations provided an opportunity for many Ghanaians to consider what Ghana has achieved in the past 50 years, but the year was also being marked by reflections on ways to address the opportunities missed since independence.

POSITIVE STEPS FORWARD

¶3. (SBU) Ghana is relatively stable, with an apolitical military, a generally good record on human rights, and a lively, free media. After 15 years of democratic governance, Ghanaians are deeply committed to democracy. Ghana has held four consecutive free and fair national elections. While parliament is weak and the main parties are increasingly polarized, there is political space for the opposition and almost half of parliamentary seats are held by the

main opposition National Democratic Congress (NDC) party. Civil society groups, particularly religious associations, are well organized.

4) (SBU) Politics is increasingly focused on the 2008 election, which promises to be a close race between the NDC and the ruling New Patriotic Party (NPP). The NPP defeated the NDC in the two previous elections by thin margins. On December 22 the ruling New Patriotic Party (NPP) selected Nana Akufo Addo, former Minister of Foreign Affairs, as its candidate from among 17 aspirants, and the National Democratic Convention (NDC) has selected 2000 and 2004 party flag-bearer, and former Vice President in the Rawlings administration, Professor John Atta Mills to contest once again for the presidency. The People's National Convention (PNC) has chosen Dr. Edward Mahama who also ran in the 2004 election. The Convention People's Party (CPP) has chosen Paa Kwesi Ndoum, formerly Minister for Public Sector Reform and the lead official in developing Ghana's MCC Compact. In 2004, the NPP received 53.4% of votes, the NDC received 43.7% of votes, the PNC received 1.9% of votes and the CPP received 1% of votes.

15. (SBU) The economy has performed generally well under the Kufuor administration. Sound macro-economic policy accompanied by major debt relief, large inflows of donor resources and relatively high cocoa and gold prices have been key to the steady improvements in the real GDP growth, which was more than 6 percent in 2006 and 2007, lower inflation and reductions in poverty. In October 2007 Ghana became the first sub-Saharan country other than South Africa to successfully enter international capital markets by issuing a \$750 million sovereign bond. In 2008, Ghana will be the first sub-Saharan African country to meet the Millennium Development Goal of reducing poverty by 50 percent.

16. (U) USAID provides significant support for Ghana's development, averaging about \$40 million annually 2004-2007 in addition to \$22 -

\$25 million in food aid prior to FY 2007. While food aid is being phased out, additional support for malaria and education has increased overall funding for USAID to approximately \$73 million in FY 2008. Ghana's strong performance was recognized in 2006 with the signing of a five-year, \$547 million Compact with the Millennium Challenge Corporation. The Compact has three main components: enhancing profitability of small farmers; reducing transportation costs affecting agricultural commerce through improvements in transportation infrastructure; and expanding basic community services and strengthening rural institutions.

DIFFICULT CHALLENGES REMAIN

17. (SBU) Despite Ghana's democracy and stability, politics is deeply polarized, political power is highly centralized, and democratic institutions are weak. Corruption is a serious problem and Ghana faces human rights challenges relating to child labor and human trafficking. Ghana also faces a range of security challenges, including a rise in violent street crime and vigilante justice, sometimes violent chieftaincy disputes, a proliferation of small arms, and growing problem with narcotics trafficking.

18. (U) Economically, Ghana is vulnerable to external price shocks in cocoa and gold, which account for about 65 per cent of exports. It remains heavily dependent on foreign inflows of aid and on remittances. Infrastructure necessary to support growth is poor, particularly power generation and water supply. Last year's energy crisis, with scheduled 12 hour power outages every second day has subsided, but concerns over long-term energy policies remain. The impact of discovery in 2007 of potentially commercially viable oil reserves in Ghanaian waters is a wild card in Ghana's energy and economic future.

19. (SBU) Social indicators such as maternal and infant mortality rates are well below levels in the 1980s but remain high and have not changed in ten years. Access to education has grown but quality is a major challenge. Many Ghanaians do not feel they have benefited from the country's macroeconomic success. According to the Center for Democratic Development's 2005 Afrobarometer survey, 53 percent of respondents thought their standard of living had declined over the previous year, compared to 38 percent in a similar

survey in 2002.

GHANA IN THE WORLD

¶10. (U) Ghana has been playing an increasingly significant and positive global leadership role. It is an active member of the Economic Community of West African States (ECOWAS), chaired the African Union in 2007, and just-concluded a term as a non-permanent member of the UN Security Council. Ghana is a major contributor of troops to UN Peacekeeping Missions and currently has personnel serving in Liberia, Cote d'Ivoire, Democratic Republic of the Congo, and Lebanon. Ghana prefers multilateral solutions to global problems and has a history of committed African leadership.

GHANA AND THE U.S.

¶11. (SBU) U.S. - Ghana relations are excellent and wide-ranging. U.S. Mission in Ghana is the third largest U.S. Mission in Africa, and it has the oldest Peace Corps program in the world. The U.S. has strong commercial, political, military-military, people-to-people and cultural relations with Ghana. There is a deep reservoir of goodwill toward the United States and appreciation of our role and contributions to this society. The U.S.-Ghana partnership stresses and promotes peace, prosperity and progress. Approximately 3000 Ghanaian students are studying in the United States and the Mission nominates many strong candidates for International Visitor Programs that enhance professional development. You presided over the signing of Ghana's MCC Compact in August 2006 and most recently met President Kufuor during the UN General Assembly meeting in September 2007. President Kufuor and President Bush have met seven times. President Kufuor hosted Mrs. Laura Bush in January 2006 when she launched President Bush's Africa Education Initiative in Accra. There is great media interest and excitement in anticipation of this visit, and we look forward to welcoming you to experience a bit of Ghana's wonderful success story first hand.

BRIDGEWATER